

# Attock Refinery Limited

## Analyst Briefing Takeaways

The management of Attock Refinery Limited (ATRL) held an analyst briefing session on 31<sup>th</sup> Oct'25 to discuss the FY25 financial result and future outlook.

REP-300

### Brief Takeaways

- To recall, ATRL reported profit after tax of PKR 12bn (EPS: PKR 112.29) in FY25, down 53% YoY. The decline in profitability was mainly driven by lower GRMs at USD 9/barrel versus USD 14/barrel in FY24, along with reduced other income amid declining interest rates. GRM for Sep'25 stood at USD 8/barrel.
- In the Sep'25 quarter, ATRL reported lower gross margins of 1.6%, primarily due to reduced capacity utilization at 65% amid lower sales. The decline in sales was driven by temporary crude supply constraints from certain oilfields, stemming from measures to manage elevated system pressure on SNGPL's network, as well as the non-upliftment of HSD caused by excessive imports. An inventory loss of PKR 1bn was recorded in 1QFY26.
- ATRL's conversion cost stands at ~\$6-7/barrel.
- ATRL's market share in total petroleum product consumption declined to 8% in FY25 from 10% in FY24, which was absorbed by rising imports, along with increased supplies from Cnergyico and PRL. The sales mix in FY25 comprised 38% MS, 36% HSD, and 13% FO, compared to 37%, 37%, and 12%, respectively, in FY24.
- ATRL has signed an agreement with STP Studi Tecnologie Progetti S.p.A. of Italy for Front-End Engineering Design (FEED) and Project Management Consultancy (PMC) services for its Refinery Upgradation Project. The upgrade project will take 4-5 years to be operational as per the management.
- The company currently produces 91-RON MS (while 92-RON is imported) and Euro-III HSD with 350 ppm sulfur (Euro-V with 10 ppm is imported), resulting in penalties. The planned upgrade through the Continuous Catalyst Regeneration (CCR) unit aims to increase PMG output by 25% and enable compliance with Euro-V standards. In addition, the revamp of ATRL's Diesel Hydro Desulphurization (DHDS) unit will allow production of Euro-V grade HSD, thereby eliminating these penalties.
- The company plans to deploy new machinery for its refinery upgradation project, with government incentives enhanced from 25% to 27.5% of the total project cost. Refineries that do not sign the upgrade agreement by the specified deadline will face a reduction in deemed duty on HSD from 7.5% to 5%.
- However, the execution of the agreements has been delayed due to unresolved sales tax matters and the imposition of the PDL and CSL on FO.
- To address the sales tax issue, the government, following consultations with the Prime Minister, approved a PKR 1.87/litre increase in IFEM for the next 12 months. As of Jun'25, outstanding sales tax stood at PKR 3.4bn, with PKR 600mn recovered in 1QFY26. However, a long-term resolution to the issue has yet to be finalized.
- Regarding the PDL and CSL, around 80% of the local FO cost has increased, significantly reducing domestic demand. Consequently, ATRL has been compelled to export its product, which is exempt from these levies. However, exports involve additional transportation costs of PKR 13,000–15,000 per ton from north to south, along with storage expenses. Despite these costs, ATRL continues to secure favorable pricing for LSFO exports. In FY25, the company exported 137,880 tons of LSFO, ensuring continuity of operations.
- Due to declining production from northern fields, the ECC approved an allocation of 5,000 bpd of southern crude. However, the diversion and allocation process is still being followed up with the government. The commencement of supplies from the south is pending approval of the freight rate by the GoP.

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In order to avoid any conflict of interest, we hereby disclosed that;  
Arif Habib Limited (AHL) has a shareholding in ATRL.